

FISCAL IMPACT STATEMENT ON BILL NO. **H3185**

(Doc. No. 6208sd05.doc)

TO:	The Honorable Daniel T. "Dan" Cooper, Chairperson, House Ways and Means Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Allan Kincaid		
DATE:	October 12, 2005	SBD:	2005505

AUTHOR:	Representative Duncan	PRIMARY CODE CITE:	Joint Resolution
SUBJECT:	Audit Department of Education		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

This Joint Resolution requires the State Budget and Control Board to engage a qualified independent auditing and consulting firm to conduct a financial and management audit of the Department of Education.

EXPLANATION OF IMPACT:

House Bill 3185 would result in a performance audit being conducted of the State Department of Education and 85 school districts. Through the Department of Education, state funding for education exceeds \$3.2 billion with an additional \$2.3 billion provided by the school districts. Because of the funding level and the number of school districts, such a task would require substantial time to audit. The time spent with each school district examining financial records will vary depending on the availability of records in the district. In addition, in order to address the issue of whether the system of education funding is fiscally effective, the contract would have to provide time spent learning the complex system under which education is currently funded in South Carolina and where each school district may have a different funding system in place. While an accurate estimate cannot be made without more specific knowledge about what such an audit would involve, the cost could exceed \$1.5 million.

In addition, assuming the Bill would be amended to appropriate funding at the beginning of a future fiscal year (July 1) and with the Bill's requirement that a report be delivered on or before January 1 of the next year, there would be a maximum of six months available to bid the audit, select a contractor who would perform the audit and produce a final report.

SPECIAL NOTES:

Section 59-20-60 (9) of the Code of Laws of South Carolina requires the Legislative Audit Council to assess compliance with the Education Finance Act and make recommendations to the General Assembly concerning changes.

Approved by:



Don Addy
Assistant Director, Office of State Budget